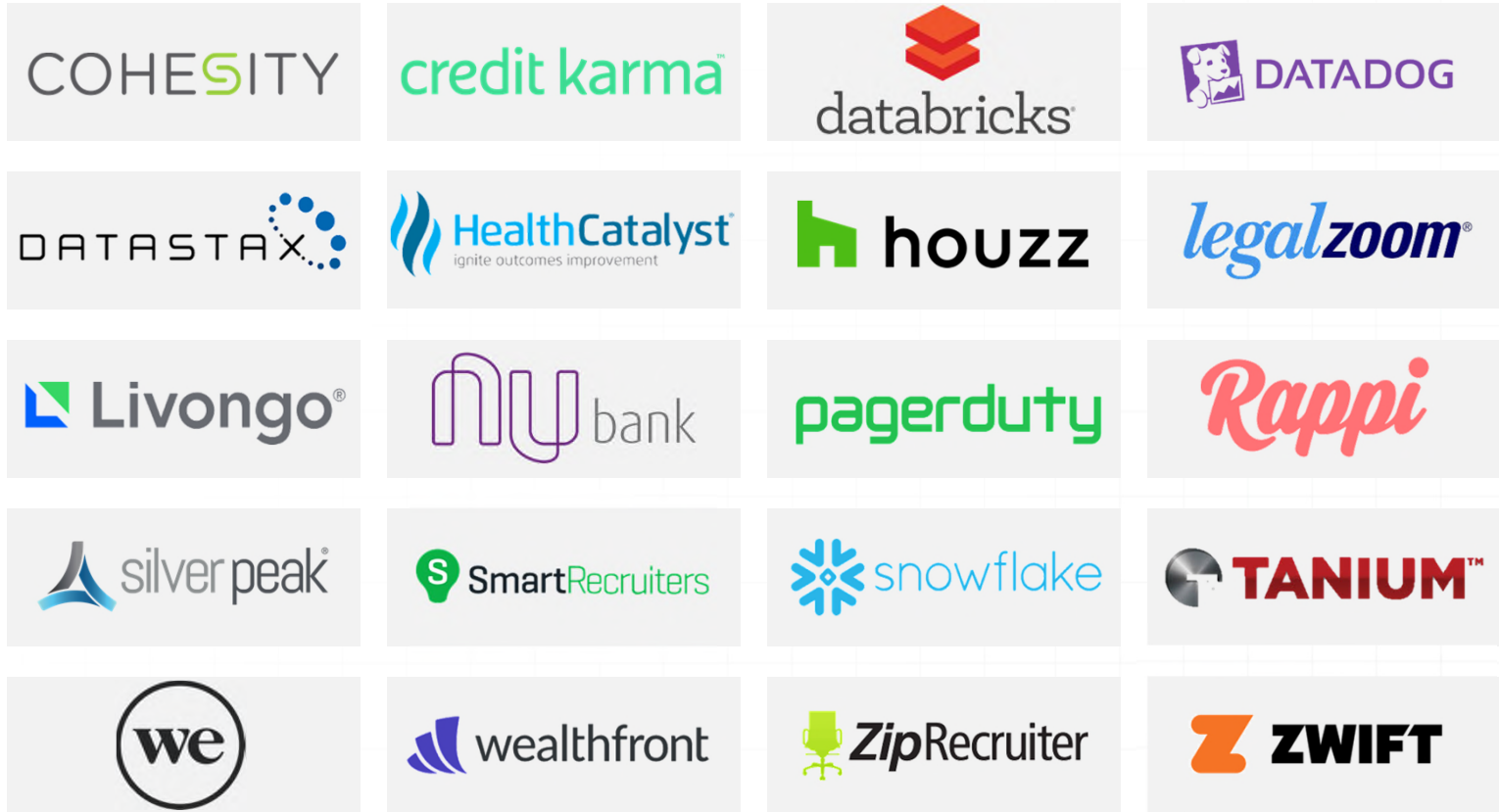


Nasdaq Private Market

Private Company Liquidity Solutions



Select NPM Clients



\$25B+

Total Transaction Volume

400+

Number of Programs Facilitated

40k+

Number of Participants on Platform

The Evolution of the Secondary Landscape

The secondary market landscape for private company equity has developed from a time of unrestricted trading activity to a market of structured offerings with greater company control.



- Companies allowed secondary trading, subject to legal requirements & limitations
- Occasionally used ROFR to block non-approved shareholders
- Companies actively prevent employees from selling outside of company-organized transactions
- Company bylaws updated to only allow one transfer per holding
- Companies restrict secondary activity in their bylaws and option exercise agreements
- Shareholders prevented from selling, exceptions for early investors
- Company structured liquidity programs, such as tender offers & buybacks, are common
- Companies control shareholder eligibility and sellable restrictions

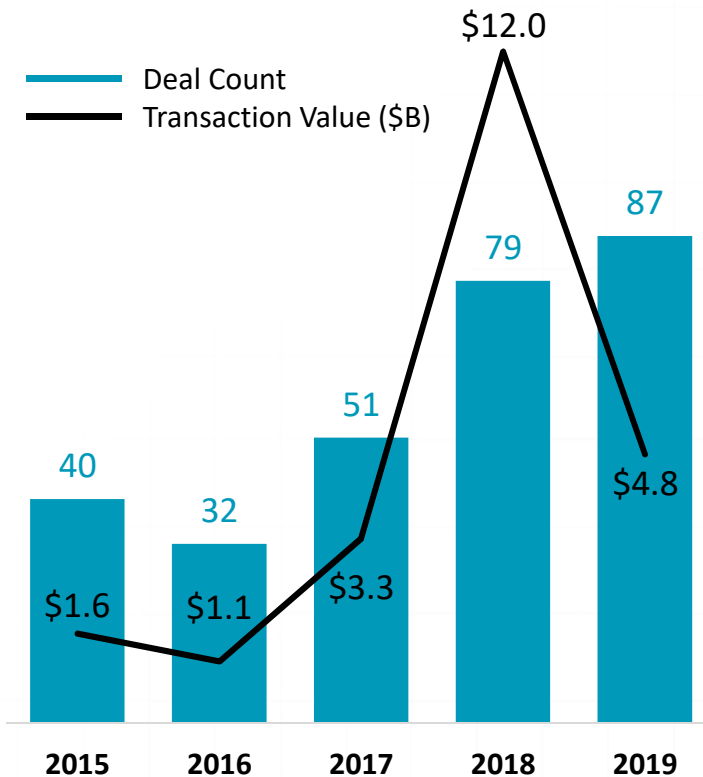
Market Reaction

- Brokers would activity solicit and engage shareholders
- SPV's begin to purchase shares in leading private companies
- Unregulated firms begin to push futures contracts, which violate most company bylaws
- Firms offer services and technology to add efficiency to offering liquidity to shareholders

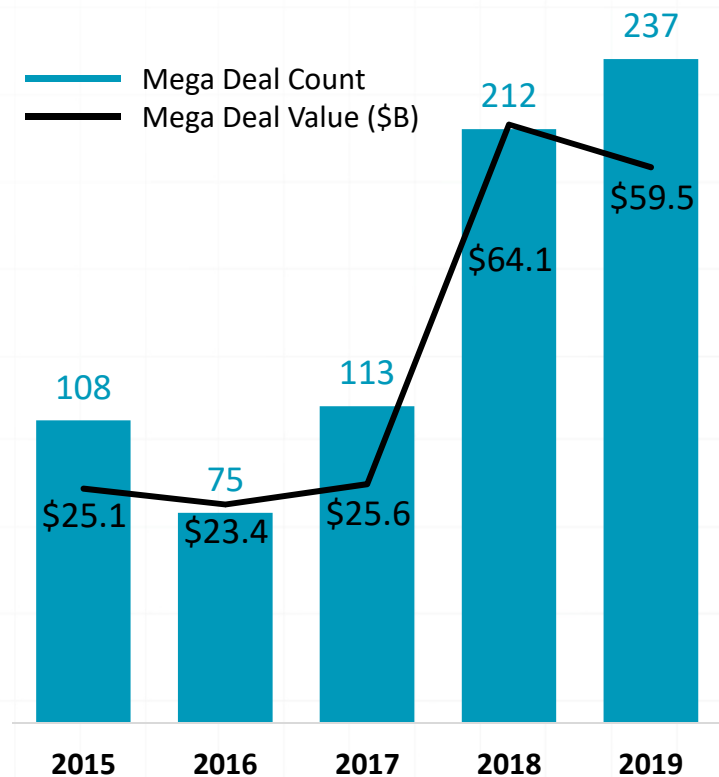
The Growth of Private Market Activity

Over the last decade the private market has seen increased activity in primary and secondary transactions as a result of high growth companies fueled by unprecedented amounts of investments and available capital.

Nasdaq Private Market Activity



U.S. VC Mega Deal Activity



Nasdaq Private Market Solutions

Liquidity through a secondary transaction can take on many different shapes, such as third party tender offers, company buybacks, individual block trades, and different auction structures

PROGRAM FACILITATION

Tender Offer/Buyback

- **What:** An offer to purchase existing shares held by shareholders and employees with option grants
- **Buyer(s):** Institution(s), Company, or both
- **NPM Capacity:** Technology solution to streamline the eligible seller workflow (data room, submit sell orders, execute documents) while enforcing eligibility and sellable restrictions pre-set by the company
- ***Note:** Typically a tender offer is run for 15+ eligible participants

Option Extension & Repricing

- **What:** Company offers to 1. extend the expiration date of option grants (extension) 2. cancel and issue new option grants at a lower strike price (repricing)
- **NPM Capacity:** Technology solution to streamline the eligible option holders workflow
- ***Note:** Not a transaction – no funds involved

CAPITAL INTRODUCTION

Block Trade

- **What:** A current/former founder or executive that has a good relationship with current company management has interest in selling a portion of his/her shares but does not have an interested buyer.
- **Buyer(s):** Buyer(s) from NPM Buyer Network
- **NPM Capacity:** NPM approaches buyers only when approved by the seller, with a specific asking price and number of shares for sale.
- ***Note:** Size is typically \$5M+; Buyers except diligence materials; Buy interest is in high growth companies

Capital Introduction + Tender Offer

- **What:** A company has shareholder/employee sell interest but does not have an interested buyer
- **Buyer(s):** Buyer(s) from NPM Buyer Network
- **NPM Capacity:** Locate a buyer, run a process to determine price and facilitate the tender offer
- ***Note:** Can result in one or many buyers

AUCTION PROGRAMS AND CONTINUOUS TRADING

- Auctions, such as a Call Auction or Dutch Auction, and can involve buyers known or unknown to the company or both. Typically structured as a competitive bidding process to establish a clearing price for the tender offer that follows for sellers. Continuous trading programs can involve multiple weekly/monthly auctions and different matching mechanisms

Catalysts for Secondaries

Companies decide to pursue a secondary transaction with a number of goals in mind, in response to certain events and proactively to remain in control of equity compensation and their cap table.

WHEN

RAISING PRIMARY CAPITAL

To meet buyer demand, but **limit current shareholder dilution**, a secondary enables buyers to achieve their desired allocation while selling current outstanding shares.

PREPARING FOR AN IPO

Provide partial liquidity ahead of the IPO to **avoid a sell-off post lockup** period. Leverage NPM's price discovery mechanisms to achieve an indication of **reference price for a DL**.

REMAINING PRIVATE

Provide controlled liquidity through recurring buybacks or tender offers as an **alternative to achieving liquidity through an IPO or M&A**.

WHY

ATTRACT & REWARD EMPLOYEES

Companies can **reward** longstanding employees committed to the company and stay **competitive for top talent** by creating a path to **liquidity for equity-based compensation**.

CLEAN UP THE CAP TABLE

Cleanup **misaligned shareholders** from the cap table as your company grows or **after an acquisition**, such as **former employees and early investors** to simplify equity management.

CONTROL SECONDARY ACTIVITY

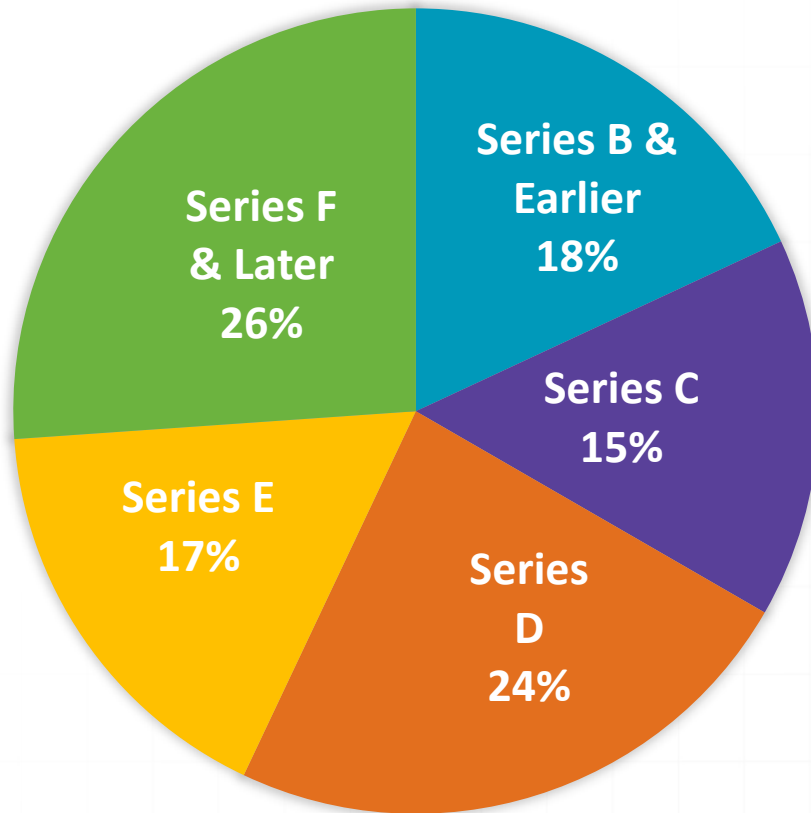
Provide an opportunity for liquidity to avoid processing ROFR notices from shareholders **attempting trades at uncontrolled prices to unknown buyers through a broker**.



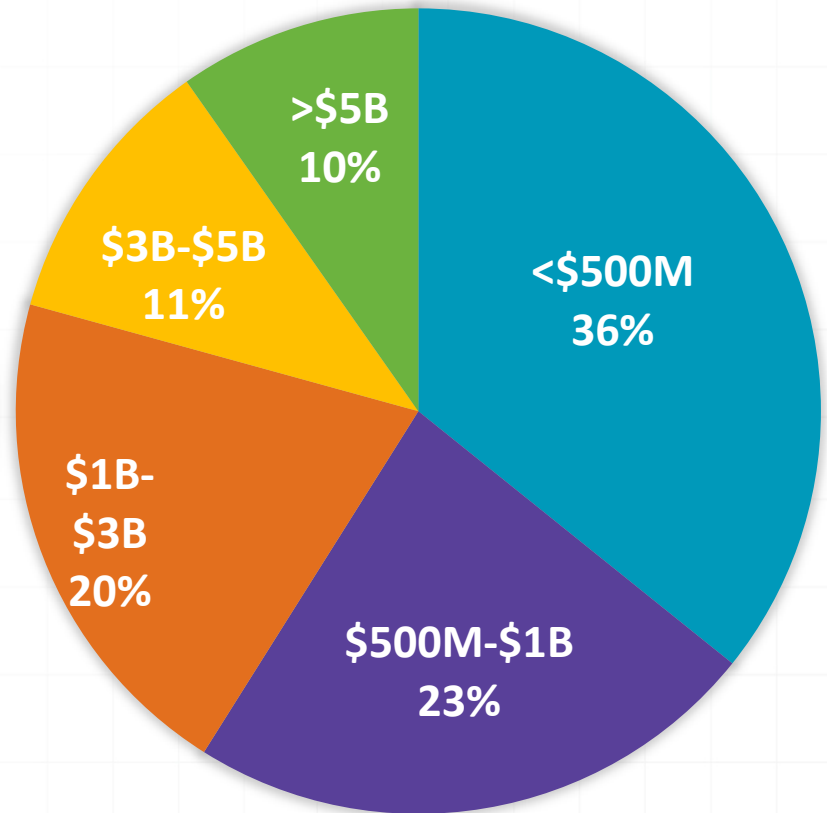
Nasdaq Private Market Clients

Companies across all valuations and financing stages partner with NPM on their liquidity needs.

NPM Clients by Stage
Programs since 2015

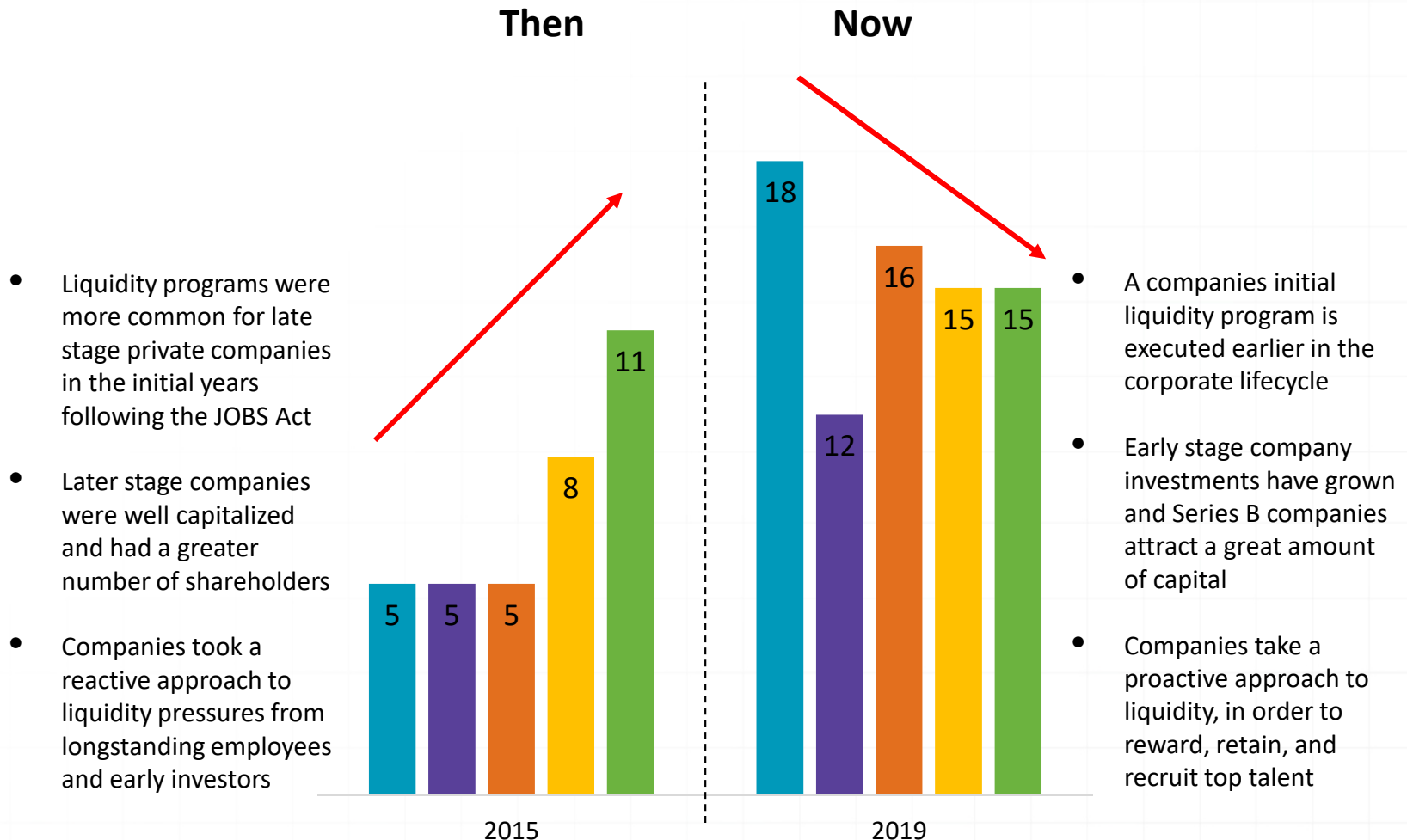


NPM Clients by Valuation
Programs since 2015



Private Companies Offering Liquidity

Clients now take a proactive approach when planning for liquidity, doing so earlier in their lifecycle.



- Liquidity programs were more common for late stage private companies in the initial years following the JOBS Act
- Later stage companies were well capitalized and had a greater number of shareholders
- Companies took a reactive approach to liquidity pressures from longstanding employees and early investors

- A company's initial liquidity program is executed earlier in the corporate lifecycle
- Early stage company investments have grown and Series B companies attract a great amount of capital
- Companies take a proactive approach to liquidity, in order to reward, retain, and recruit top talent

Tender Offer Timeline

Tender offer programs must remain open for a minimum of 20 business days

May					June				
Mon	Tue	Wed	Thu	Fri	Mon	Tues	Wed	Thu	Fri
04	05	06	07	08	08	09	10	11	12
11	12	13	14	15	15	16	17	18	19
18	19	20	21	22	22	23	24	25	26
25	26	27	28	29	29	30	01	02	03
01	02	03	04	05	06	07	08	09	10



7 - 10 days (approx.)

Company prepares documents

- Configure platform to Company's parameters
- Upload Company-approved disclosure materials to tender offer data-room
- Map offering materials and holdings to the seller workflow
- Support for in-person town halls or webinars with shareholders to educate and review liquidity program process

20 days (min.)

Participants submit sell interest

- Invite shareholders into Company portal to view holdings and offering details
- Collect sell interest and required e-signature legal documents and agreements
- Provide ongoing shareholder support on inquiries
- Real-time monitoring and activity reports for Company

■ *NPM Platform Testing*

7 - 10 days (approx.)

NPM paying agent service

- NPM delivers a holding-level report of all securities offered in the program for the company to review and approve
- NPM wires settlement payments including exercise costs, withholdings, and net proceeds
- NPM delivers final documents to the Company and participating sellers

■ *Market Holiday*

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